

April Elections: Democrats Strike Back, What's Next

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For the first time in the post-Communist elections Bulgarians gave a full mandate to the non-Socialists. For a first time democrats have It took seven years, two hyperinflation peaks related to the Socialist rule and a total loss of confidence to bid farewell to their dreams to cut rents from a gradual transition.

Who is who in the Parliament?

The 240 seats in the new Parliament will be distributed as follows:

United Democratic Forces (UDF)	137
Bulgarian Socialist Party (BSP)	58
National Salvation Alliance (NSA)	19
Euro-Left (EL)	14
Bulgarian Business Block (BBB)	12

Election turnover was about 60% of the voters. The younger and mid-career generation voted overwhelmingly in favour of UDF. Its supporters are less educated than those of Euro-lefts whose predominant vote came from the most academic circles. BSP was brought to the legislature by the pensioners. NSA and BBB received a mixed mandate from odd voters.

NSA, a loose coalition dragged by the Movement for Rights and Freedoms (MRF, a party which Bulgarian Muslims vote for) is believed as most unpredictable faction. Besides MRF, it consists of Monarchists, Greens, Agrarians and Liberals expelled from other coalitions. They were put together by MRF intention to overcome internal splits and declining support, by the desire of the other NSA partners to get into the power and enjoy privileges, and, as rumours claim, by the financial backing of Multi-group. It is quite unlikely that they would be able to stay together or act as an united group in the Parliament.

BBB got considerably less votes in comparison with the recent presidential elections when its leader, Mr. George Ganchev, emerged as the third candidate with almost 22% of the vote. It there was a campaign against somebody it was Mr. Ganchev whose populism and chauvinism deserved intellectuals and opinion leaders' negative attitude. His faction in the Parliament consist of former Bulgarian KGB senior officers and a couple of intellectuals whose live path brought them into the company. In the previous Parliament BBB was voting in favour of the BSP and Mr. Ganchev played the role of a major criticist of the President Zhelev and BSP opponents. It seems that he would sustain his "criticism" towards UDF and the new President Stoyanov. His key campaign message was: If I were a caretaker PM, I could ensure \$2 billion support from the IFIs. BBB MPs would support the introduction of the currency board regime but immediately after they would start blaming the system advocating populist policies under the banner of the protection of domestic businesses and national interests.

EL marked an unbelievable success in the elections, after being established in mid-January. The faction consists of popular ex-Socialist dissidents who verbally opposed Mr. Zhan Videnov's cabinet while voting in his favour in the Parliament until early 1997. These are Socialist technocrats moderates, former members of the grouping around Lukhanov, who speak foreign

languages and have some bureaucratic and/or business experience. They would support all initiatives of the new government with the idea to take their time and in the future to attract all the Center-left votes and constitute a stable Social-democratic party.

BSP has lost its reformist faces, they joined EL. Mr. Parvanov, the leader of the party seem is in a curious position to reject what his fellow-Socialist were advocating two-three months. The faction consists of *apparatchics* who manage to neutralise Videnov's guard but failed to elaborate their own message to the voters and sympathisers. In fact, BSP lost about half of its votes and it is hardly possible to recruit new ones. Except some odd business creatures, like the so called Orion-group, BSP will not enjoy any support from the local businesses. Links with the business community have gone with the Euro-leftists. Socialist MPs represent the most unreformed part of their predecessor Communist party. Their choice would be to become more and more openly populist.

UDF faction consists of two sub-groups: Union of Democratic Forces and 14 MPs from the Peoples Union (PU). This division is not as important as it may seem at a first glance; PU wants to preserve its image of an independent political body; the very fact of constituting to sub-factions would mean to have twice more time during the plenary hearings in the legislature. The more significant is the fact that more than 100 of the UDF MPs are new-comers, UDF-insiders and functionaries with no experience in the Parliamentary debate. The unquestionable UDF leader is Mr. Ivan Kostov, former minister of finance in the coalition cabinet of Dimitar Popov (1990-1991) and UDF-government of Philip Dimitrov. There is no doubt that Mr. Kostov is the future Prime Minister of Bulgaria. One of the problems would be to ensure the unity and the strength of the faction to resist populist temptations and support the Council of Ministers. This task has to be carried out by two individuals. One of them is Mr. Eugene Bachardgiev, who was very instrumental in uniting UDF and is likely to chair the UDF faction in the Parliament. The other is Mr. Jordan Sokolov, a lawyer, ex-minister of interior, who is the most probable speaker of the Parliament.

What's next?

Next is Ivan Kostov. Election were a sort of no-intrigue choice between Reds and Blues, between ex-Communists who looted the country, and Democrats who, hopefully - fingers crossed, can make a difference. Voter did not pay attention to the list and the candidates. There was one or at least few leaders, Mr. Stoyanov, the incumbent President, Mr. Kostov, and the caretaker PM, Mr. Sofianski. And there was one policy, that of the caretaker cabinet supported by Stoyanov and Kostov.

Mr. Kostov's main challenge is to sustain public support while moving reforms forward. His advantage, besides the most overwhelming majority a Bulgarian transition government has ever had, is that the reforms direction is already established by the policies of Mr. Sofianski and his cabinet agreements with the creditors.

Mr. Kostov was one of the few, if the first, Bulgarian key politicians who visited leading financial institutions on his own initiative. He has no other means to control domestic financial "sharks" except relying on international expertise and institutions. He is likely to keep some key caretaker figures: at least Mr.

Alexander Bozhkov, deputy PM, and Mr. Bogomil Bonev, minister of interior as well as many senior officials who initiated the start of the reforms in February and March. He will replace BNB Board member and the head of the Bank Consolidation Company, as a preparation for the introduction of the currency board and banks' privatization.

Mr. Kostov is no great communicator. But he was prompt in reaching the leading political parties consensus on self-evident reform objectives (introduction of the currency board, anti-corruption policies, EU integration etc.) thus ensuring more operational freedom of the future cabinet. As usual, however, the surprise may come from inside. There are already some mixed signals: Mr. Kostov fellows and allays started to talk about difficulties to privatise, protection of the profitable domestic industries and the needs to increase living standards. It seems that Mr. Kostov has no choice but be bolder than IMF and World bank in pushing market reforms faster.